

CITY OF BELLE PLAINE  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2021

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City of Belle Plaine

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dave Fish	Mayor	Jan 2024
Mary Pech	Mayor Pro Tem	Jan 2024
Judy Schlesselman	Council Member	Jan 2022
Mark Tegeler	Council Member	Jan 2022
Mitch Malcolm	Council Member	Jan 2022
Garrett Landuyt	Council Member	Jan 2024
Stephen Beck	City Administrator	Indefinite
Jacki McDermott	City Clerk	Indefinite
Sandy Walton	Assistant City Clerk	Indefinite
Jennifer Zahradnik	City Attorney	Indefinite

City of Belle Plaine



**FALLER, KINCHELOE & CO, PLC**

**Certified Public Accountants**

Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, (City) as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

### *Basis for Adverse Opinion on Aggregate Discretely Presented Component Units*

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require financial data for these component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and the cash basis balances of the aggregate discretely presented component units has not been determined.

### *Adverse Opinion on Aggregate Discretely Presented Component Units*

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City as of June 30, 2021, or the changes in financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

### *Unmodified Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## Basis of Accounting

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2020 (which is not presented herein) and expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements. We expressed an adverse opinion on the financial statements of the aggregate discretely presented component units due to the omission of the legally separate component units. The financial statements for the five years ended June 30, 2016 (which are not presented herein) were audited by another auditor who expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. Because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph above, it is inappropriate to, and we do not, express an opinion on the supplementary information.

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 25 through 29, has not been subjected to the auditing procedures applied in the audit of the basic statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Faller, Kincheloe & Co., PLC". The signature is written in a cursive, flowing style.

FALLER, KINCHELOE & CO., PLC

December 30, 2021

## Basic Financial Statements



## Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2021

	Program Receipts				Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions / Programs:</b>							
Governmental activities:							
Public safety	\$ 431,965	3,937	81,824	-	(346,204)	-	(346,204)
Public works	407,412	-	379,244	-	(28,168)	-	(28,168)
Health and social services	4,719	-	8,640	-	3,921	-	3,921
Culture and recreation	306,395	7,529	117,432	-	(181,434)	-	(181,434)
Community and economic development	50,519	-	9,613	-	(40,906)	-	(40,906)
General government	1,142,480	27,379	1,501,563	-	386,462	-	386,462
Debt service	1,658,338	-	-	-	(1,658,338)	-	(1,658,338)
Capital projects	14,218	-	-	4,044	(10,174)	-	(10,174)
Total governmental activities	4,016,046	38,845	2,098,316	4,044	(1,874,841)	-	(1,874,841)
Business type activities:							
Water	417,051	368,421	94,341	-	-	45,711	45,711
Sewer	486,409	512,440	3,372	-	-	29,403	29,403
Garbage	290,950	246,487	-	-	-	(44,463)	(44,463)
Storm water	20,302	58,669	-	-	-	38,367	38,367
Yard waste	26,033	27,849	-	-	-	1,816	1,816
Airport	44,288	20,309	3,647	20,000	-	(332)	(332)
Total business type activities	1,285,033	1,234,175	101,360	20,000	-	70,502	70,502
Total	\$ 5,301,079	1,273,020	2,199,676	24,044	(1,874,841)	70,502	(1,804,339)
<b>General Receipts and Transfers:</b>							
Property tax and other city tax levied for:							
General purposes					894,494	-	894,494
Debt service					173,956	-	173,956
Tax increment financing					145,710	-	145,710
Local option sales tax					256,261	-	256,261
Commercial/industrial tax replacement					34,961	-	34,961
Unrestricted interest on investments					12,512	-	12,512
Bond proceeds, net of \$64,586 premium					1,259,586	-	1,259,586
Transfers					50,213	(50,213)	-
Total general receipts and transfers					2,827,693	(50,213)	2,777,480
Change in cash basis net position					952,852	20,289	973,141
Cash basis net position beginning of year					1,406,400	239,279	1,645,679
Cash basis net position end of year					\$ 2,359,252	259,568	2,618,820
<b>Cash Basis Net Position</b>							
Restricted:							
Nonexpendable:							
Donovan Trust					\$ 449,157	-	449,157
Expendable:							
Streets					8,873	-	8,873
Urban renewal purposes					64,256	-	64,256
Library improvements					260,874	-	260,874
Debt service					81,900	-	81,900
Other purposes					520,677	11,050	531,727
Unrestricted					973,515	248,518	1,222,033
<b>Total cash basis net position</b>					\$ 2,359,252	259,568	2,618,820

See notes to financial statements.

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2021

	Special Revenue				Permanent		Total
	General	Road Use Tax	Library Improvements	Debt Service	Capital Projects	Donovan Trust	
Receipts:							
Property tax	\$ 685,577	-	-	173,956	-	-	1,068,450
Tax increment financing	-	-	-	-	-	-	145,710
Other city tax	-	-	-	51,252	-	-	256,261
Licenses and permits	15,683	-	-	-	-	-	15,683
Use of money and property	11,182	-	5,001	5,395	-	9,613	42,115
Intergovernmental	93,103	379,244	18,181	-	2,940	-	526,323
Charges for service	33,954	-	-	-	-	-	33,954
Special assessments	5,635	-	-	-	-	-	5,635
Miscellaneous	1,522,701	-	27,062	-	1,104	-	1,564,968
Total receipts	2,367,835	379,244	50,244	230,603	4,044	9,613	3,659,099
Disbursements:							
Operating:							
Public safety	336,365	-	-	-	-	-	431,965
Public works	5,391	370,371	-	-	-	-	407,412
Health and social services	4,320	-	-	-	-	-	4,719
Culture and recreation	185,302	-	35,588	-	-	4,023	306,395
Community and economic development	124	-	-	-	-	-	50,519
General government	1,119,862	-	-	-	-	-	1,142,480
Debt service	-	-	-	1,658,338	-	-	1,658,338
Capital projects	-	-	-	-	14,218	-	14,218
Total disbursements	1,651,364	370,371	35,588	1,658,338	14,218	4,023	4,016,046
Excess (deficiency) of receipts over (under) disbursements	716,471	8,873	14,656	(1,427,735)	(10,174)	5,590	(356,947)
Other financing sources (uses):							
Bond proceeds, plus \$64,586 of premium	-	-	-	1,259,586	-	-	1,259,586
Transfers in	10,000	-	3,879	132,213	47,000	-	193,092
Transfers out	(50,879)	-	-	-	-	-	(92,879)
Total other financing sources (uses)	(40,879)	-	3,879	1,391,799	47,000	-	1,309,799
Change in cash balances	675,592	8,873	18,535	(35,936)	36,826	5,590	952,852
Cash balances beginning of year	76,831	-	242,339	117,836	184,266	443,567	1,406,400
Cash balances end of year	\$ 752,423	8,873	260,874	81,900	221,092	449,157	2,359,252
<b>Cash Basis Fund Balances</b>							
Nonspendable - Donovan Trust	\$ -	-	-	-	-	449,157	449,157
Restricted for:							
Streets	-	8,873	-	-	-	-	8,873
Urban renewal purposes	-	-	-	-	-	-	64,256
Library improvements	-	-	260,874	-	-	-	260,874
Debt service	-	-	-	81,900	-	-	81,900
Other purposes	-	-	-	-	-	-	520,677
Assigned for capital projects	-	-	-	-	221,092	-	221,092
Unassigned	752,423	-	-	-	-	-	752,423
Total cash basis fund balances	\$ 752,423	8,873	260,874	81,900	221,092	449,157	2,359,252

See notes to financial statements.

## City of Belle Plaine

Exhibit C

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2021

	Enterprise						
	Water	Sewer	Garbage	Storm Water	Yard Waste	Nonmajor - Airport	Total
Operating receipts:							
Charges for service	\$ 368,421	512,440	246,487	58,669	27,849	20,309	1,234,175
Miscellaneous	94,341	3,372	-	-	-	3,647	101,360
Total operating receipts	462,762	515,812	246,487	58,669	27,849	23,956	1,335,535
Operating disbursements:							
Business type activities	417,051	291,656	290,950	20,302	26,033	44,288	1,090,280
Total operating disbursements	417,051	291,656	290,950	20,302	26,033	44,288	1,090,280
Excess (deficiency) of operating receipts over (under) operating disbursements	45,711	224,156	(44,463)	38,367	1,816	(20,332)	245,255
Non-operating receipts (disbursements):							
Intergovernmental	-	-	-	-	-	20,000	20,000
Debt service	-	(192,126)	-	-	-	-	(192,126)
Capital projects	-	(2,627)	-	-	-	-	(2,627)
Net non-operating receipts (disbursements)	-	(194,753)	-	-	-	20,000	(174,753)
Excess (deficiency) of receipts over (under) disbursements	45,711	29,403	(44,463)	38,367	1,816	(332)	70,502
Other financing sources (uses):							
Transfers out	(50,213)	-	-	-	-	-	(50,213)
Total other financing sources (uses)	(50,213)	-	-	-	-	-	(50,213)
Change in cash balances	(4,502)	29,403	(44,463)	38,367	1,816	(332)	20,289
Cash balances beginning of year	(103,212)	1,628	28,314	149,690	103,308	59,551	239,279
Cash balances end of year	\$ (107,714)	31,031	(16,149)	188,057	105,124	59,219	259,568
<b>Cash Basis Fund Balances</b>							
Restricted for customer deposits	\$ 11,050	-	-	-	-	-	11,050
Unrestricted	(118,764)	31,031	(16,149)	188,057	105,124	59,219	248,518
Total cash basis fund balances	\$ (107,714)	31,031	(16,149)	188,057	105,124	59,219	259,568

See notes to financial statements.

City of Belle Plaine

Notes to Financial Statements

June 30, 2021

**(1) Summary of Significant Accounting Policies**

The City of Belle Plaine (City) is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general governmental services. The City also provides water, sewer and solid/yard waste utilities for its citizens.

**A. Reporting Entity**

For reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Belle Plaine (the primary government) and exclude the City's component units. The component units discussed below are not included in the City's reporting entity although its operational or financial relationship with the City is significant.

**Excluded Discretely Presented Component Units**

The Belle Plaine Fire Department Foundation, Inc. (Fire Department Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of aiding in the extinguishing of fires and performing such other duties as set forth by the Fire Department. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Fire Department Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or help by the Fire Department Foundation are substantially for the direct benefit of the City of Belle Plaine.

The Belle Plaine Community Library Foundation, Inc. (Library Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of aiding in the general operation of the Belle Plaine Public Library. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Library Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or help by the Library Foundation are substantially for the direct benefit of the City of Belle Plaine.

**Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Benton County Joint E911 Service Board, Benton County Emergency Operations Commission and Benton County Iowa Solid Waste Disposal Commission.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and nonmajor enterprise funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Library Improvements Fund is used to account for monies received and costs incurred for the improvements to the Library.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through Enterprise Funds.

The City reports the following major permanent fund:

The Donovan Trust Fund is used to report resources that are legally restricted to the extent that only earnings and not principal may be used for the beautification of the City.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Enterprise, Garbage Fund accounts for the operation and maintenance of the City's garbage system.

The Enterprise, Storm Water Fund accounts for the operation and maintenance of the City's storm water system.

The Enterprise, Yard Waste Fund accounts for the operation for the City's yard waste program.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there is both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements: Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the City Council in March 2020.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the public works and debt service functions. In addition, disbursements exceeded the amounts budgeted, in total, during the year ended June 30, 2021.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in the obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest Rate Risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

At June 30, 2021, the City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) **Bonds and Notes Payable**

A summary of changes in bonds and note payable for the year ended June 30, 2021 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Direct placements:					
General Obligation Bonds and Notes	\$ 339,000	-	93,000	246,000	95,000
General Obligation Bonds and Notes	2,345,000	1,195,000	1,490,000	2,050,000	265,000
Governmental activities total	<u>\$ 2,684,000</u>	<u>1,195,000</u>	<u>1,583,000</u>	<u>2,296,000</u>	<u>360,000</u>
Business type activities:					
Direct borrowings:					
Sewer Revenue Bonds	\$ 2,556,310	-	141,000	2,415,310	144,000
Business-type activities total	<u>\$ 2,556,310</u>	<u>-</u>	<u>141,000</u>	<u>2,415,310</u>	<u>144,000</u>

### Direct Placements - General Obligation Bonds and Notes

A summary of the City's June 30, 2021 direct placements general obligation bonds and notes payable is as follows:

Year Ending June 30,	Economic Development Series 2014A			Building Restoration Series 2014B		
	Issued April 15, 2014			Issued April 15, 2014		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	2.60%	\$ 27,000	2,158	3.90%	\$ 22,000	2,691
2023	2.60%	28,000	1,456	3.90%	23,000	1,833
2024	2.60%	28,000	728	3.90%	24,000	936
		<u>\$ 83,000</u>	<u>4,342</u>		<u>\$ 69,000</u>	<u>5,460</u>

  

Year Ending June 30,	Water Improvement Note Series 2018			Total		
	Issued November 1, 2018					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	3.75%	\$ 46,000	3,525	\$ 95,000	8,374	103,374
2023	3.75%	48,000	1,800	99,000	5,089	104,089
2024		-	-	52,000	1,664	53,664
		<u>\$ 94,000</u>	<u>5,325</u>	<u>246,000</u>	<u>15,127</u>	<u>261,127</u>

On April 15, 2014, the City issued \$250,000 of general obligation economic development note with an interest rate of 2.60% per annum. The notes were issued to fund an economic development grant to the Belle Plaine Economic Development Corporation in connection with the main street improvement project. During the year ended June 30, 2021, the City paid \$26,000 of principal and \$2,834 of interest on the bonds.

On April 15, 2014, the City issued \$200,000 of general obligation building restoration note with an interest rate of 3.90% per annum. The notes were issued to fund an economic development grant to the Belle Plaine Economic Development Corporation in connection with the main street improvement project. During the year ended June 30, 2021, the City paid \$22,000 of principal and \$3,549 of interest on the bonds.

On November 1, 2018, the City issued \$227,000 of general obligation water improvement note with an interest rate of 3.75% per annum. The note was issued to fund water improvements to the City's water system. During the year ended June 30, 2021, the City paid \$45,000 of principal and \$5,213 of interest on the note.

### General Obligation Bonds and Notes

A summary of the City's June 30, 2021 general obligation bonds and notes payable is as follows:



Year Ending June 30,	Refunding Series 2016A			Refunding Series 2020A		
	Issued November 1, 2016			Issued September 9, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	1.70%	\$ 135,000	16,745	2.00%	\$ 130,000	21,300
2023	1.70%	135,000	14,450	2.00%	130,000	18,700
2024	1.70%	140,000	12,155	2.00%	125,000	16,100
2025	1.70%	140,000	9,775	2.00%	130,000	13,600
2026	1.70%	145,000	7,395	2.00%	135,000	11,000
2027-2029	1.70%	290,000	7,395	2.00%	415,000	16,600
		<u>\$ 985,000</u>	<u>67,915</u>		<u>\$ 1,065,000</u>	<u>97,300</u>

  

Year Ending June 30,	Total		
	Principal	Interest	Total
2022	\$ 265,000	38,045	303,045
2023	265,000	33,150	298,150
2024	265,000	28,255	293,255
2025	270,000	23,375	293,375
2026	280,000	18,395	298,395
2027-2029	705,000	23,995	728,995
	<u>\$2,050,000</u>	<u>165,215</u>	<u>2,215,215</u>

On April 23, 2015, the City issued \$1,715,000 of general obligation refunding bonds with interest rates ranging from 1.10% to 3.00% per annum. The bonds were issued to currently refund the City's outstanding General Obligation Corporate Purpose Bonds, Series, 2008, to crossover refund the City's outstanding General Obligation Aquatic Center Bonds, Series 2009, and to pay the costs of issuance of the Bonds. During the year ended June 30, 2021, the City paid \$1,230,000 of principal and \$8,885 of interest on the bonds.

On November 1, 2016, the City issued \$1,245,000 of general obligation refunding bonds with an interest rate of 1.70% per annum. The bonds were issued to crossover refund the City's outstanding General Obligation Corporate Purpose Bonds, Series 2011A, and to pay the costs of issuance of the Bonds. During the year ended June 30, 2021, the City paid \$130,000 of principal and \$18,955 of interest on the bonds.

On September 9, 2020, the City issued \$1,195,000 of general obligation refunding bonds with an interest rate of 2.00% per annum. The bonds were issued to current refund the outstanding balance of \$1,230,000 of the \$1,715,000 of general obligation refunding bonds issued on April 23, 2015. During the year ended June 30, 2021, the City paid \$130,000 of principal and \$17,394 of interest on the bonds. The City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$86,000 on the refunding.

#### Direct Borrowings - Revenue Bonds

A summary of the City's June 30, 2021 direct borrowings revenue bonds payable are as follows:

Sewer				
Issued December 22, 2017				
Year Ending June 30,	Interest Rates	Principal	Interest	Total
2022	1.75%	\$ 144,000	42,268	186,268
2023	1.75%	147,000	39,748	186,748
2024	1.75%	150,000	37,175	187,175
2025	1.75%	153,000	34,551	187,551
2026	1.75%	158,000	31,873	189,873
2027-2031	1.75%	828,000	117,139	945,139
2032-2036	1.75%	835,310	41,696	877,006
		<u>\$ 2,415,310</u>	<u>344,450</u>	<u>2,759,760</u>

On December 22, 2017, the City entered into a loan agreement with the Iowa Finance Authority (IFA) and the Iowa Department of Natural Resources for the issuance of sewer revenue bonds up to \$3,236,000 with interest at 1.75% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements to the sanitary sewer system. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. At June 30, 2021, the City had drawn down \$2,964,310 of the authorized amount. An initiation fee of \$16,180 (0.5% of the authorized borrowing for the sewer revenue bonds) was charged by the IFA. The initiation fee was withheld from the first proceeds of the sewer revenue bonds drawn by the City during the year ended June 30, 2021. A final repayment schedule has not yet been adopted; however, the payment schedule above is the interim schedule. During year ended June 30, 2021, the City paid principal of \$141,000 and interest of \$44,735 on the bonds under a preliminary repayment schedule.

The City has pledged future wastewater customer receipts, net of specified operating disbursements, to repay \$3,236,000 in sewer revenue bonds issued in December, 2017. The bonds are payable solely from wastewater customer net receipts and are payable through 2036. Annual principal and interest payment on the bonds are expected to require less than 83% of net receipts. The total principal and interest remaining to be paid on the bonds is \$2,759,760. For the current year, principal and interest paid and total customer net receipts were \$185,735 and \$224,156, respectively.

The resolutions providing for the issuance of the wastewater revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earnings of the funds.
- (b) The City shall establish a rate to be charged to customers in order to produce gross revenues at least sufficient to pay expenses of the operation and maintenance of the Utility, and to leave a balance of net revenues equal to at least 110% of the principal and interest of all outstanding bonds and notes due in the fiscal year.
- (c) Monthly transfers of 1/6 of the installment of interest next due and 1/12 of the installment of principal next due shall be made to a sewer revenue bond and interest sinking account. Monies in this fund are to be used solely for the purpose of paying principal and interest on the bonds.
- (d) All funds remaining after payment of all maintenance and operating expenses can be used to pay for extraordinary repairs or replacements to the sewer system, may be used to pay or redeem any bonds, and then can be used for any lawful purpose.
- (e) All users of the system, including the City, are required to be charged for service.

Through August 2020, the City was not being charged for sewer service as required.

**(4) Operating Lease Agreement**

The City entered into a lease in May 2021 to lease copier equipment at a monthly minimum of \$91. The lease has been classified as an operating lease and, accordingly, all rents are charged to expense as incurred. The lease expires in May 2025.

The following is a schedule of future payments required under the operating lease which has an initial or remaining non-cancelable lease term in excess of one year as of June 30, 2021:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2022	\$ 1,086
2023	1,086
2024	1,086
2025	996
	<u>\$ 4,254</u>

During the fiscal year, total expenditures incurred in relation to this lease agreement were \$1,086.

**(5) Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits** - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions** - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 were \$71,774.

**Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the City reported a liability of \$419,365 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.0059698%, which was an increase of 0.000629% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$92,721, \$123,583 and \$63,204, respectively.

There were no non-employer contributing entities to IPERS.

**Actuarial Assumptions** - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.

Wage growth  
(effective June 30, 2017)

3.25% per annum, based on 2.60% inflation  
and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	4.43 %
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	100.0 %	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** -

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 836,670	419,365	69,639

**IPERS' Fiduciary Net Position** - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation to employees at June 30, 2021, primarily relating to the General Fund, is \$29,376.

This liability has been computed based on rates of pay in effect at June 30, 2021.

**(7) Operating Leases – Lessor**

The City leases a medical building to the Eastern Iowa Sleep Center. The lease term is for 5 years beginning February 1, 2016. The lease term is now on a month to month basis. Rental income for the year ended June 30, 2021 totaled \$8,640.

The City is leasing a portion of its water tower site to SWIF-IOWA, LLC (Tenant). The Tenant has constructed a communications tower for its use. The lease goes through July 31, 2029, with the Tenant having the option to extend the lease through July 31, 2039. The Tenant agrees to pay the City \$1,200 in annual rent each year, subject to an annual escalation at the rate of 2% during the term of the agreement. The City received \$1,200 from the Tenant in fiscal year 2021 from this lease.

**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Local Option Sales Tax	\$ 10,000
Special Revenue: Library Improvements	General	3,879
Debt Service	Special Revenue: Urban Renewal Tax Increment	82,000
	Enterprise: Water	50,213
		132,213
Capital Projects	General	47,000
	Total	\$ 193,092

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to distribute the resources.

**(9) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City has a partially self-funded health insurance program. The City funds the difference between the deductible and out-of-pocket maximum on the plan chosen by the employee and the plan actually purchased by the City, per plan. This difference consists of a maximum annual City cost of \$13,000 per policy.

**(10) Deficit Balances**

The Enterprise, Water Fund had a deficit balance of \$107,714 at June 30, 2021. The deficit balance was a result of significant ongoing repairs to the water system over the past five years. It is anticipated the deficit balance will be covered by rate increases in future years.

The Enterprise, Garbage Fund had a deficit balance of \$16,149 at June 30, 2021. The deficit balance was a result of costs in excess of receipts into this fund. It is anticipated the deficit balance will be covered by rate increases in future years.

**(11) Commitments**

The City has entered into contracts for waste water treatment plant flow equalization and disinfection improvements. At June 30, 2021, approximately \$155,000 remains to be paid on these contracts. This project is expected to be completed in fiscal year 2022. The costs of this project will be financed with borrowed funds.

The City can borrow an additional \$271,690 from its sewer revenue bond that was issued on December 22, 2017. It is anticipated that most of this money will be borrowed to pay the costs associated with the waste water treatment plant flow equalization and disinfection improvements as discussed above.

**(12) Contingency**

The City participates in a number of Federal and State grant/loan programs. These programs are subject to program compliance audits by the grantors or their representatives. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant and loan agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability to the City. The City's management believes such revisions or disallowances, if any, will not be material to the City.

**(13) COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the City, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City.

**(14) Subsequent Events**

The City has evaluated all subsequent events through December 30, 2021, the date the financial statements were available to be issued.

**(15) Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

## Other Information



City of Belle Plaine  
 Budgetary Comparison Schedule  
 of Receipts, Disbursements, and Changes in Balances -  
 Budget and Actual - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 1,068,450	-	1,068,450	1,032,971	1,032,971	35,479
Tax increment financing	145,710	-	145,710	148,955	148,955	(3,245)
Other city tax	256,261	-	256,261	227,692	227,692	28,569
Licenses and permits	15,683	-	15,683	1,770	1,770	13,913
Use of money and property	42,115	-	42,115	29,540	29,540	12,575
Intergovernmental	526,323	20,000	546,323	375,923	555,323	(9,000)
Charges for service	33,954	1,234,175	1,268,129	1,155,991	1,155,991	112,138
Special assessments	5,635	-	5,635	-	-	5,635
Miscellaneous	1,564,968	101,360	1,666,328	54,250	833,488	832,840
Total receipts	3,659,099	1,355,535	5,014,634	3,027,092	3,985,730	1,028,904
Disbursements:						
Public safety	431,965	-	431,965	463,301	481,301	49,336
Public works	407,412	-	407,412	377,771	377,771	(29,641)
Health and social services	4,719	-	4,719	9,440	9,440	4,721
Culture and recreation	306,395	-	306,395	349,354	349,354	42,959
Community and economic development	50,519	-	50,519	70,750	70,750	20,231
General government	1,142,480	-	1,142,480	217,423	1,228,923	86,443
Debt service	1,658,338	-	1,658,338	361,476	1,228,763	(429,575)
Capital projects	14,218	-	14,218	100,000	100,000	85,782
Business type activities	-	1,285,033	1,285,033	1,284,173	1,364,173	79,140
Total disbursements	4,016,046	1,285,033	5,301,079	3,233,688	5,210,475	(90,604)
Excess (deficiency) of receipts over (under) disbursements	(356,947)	70,502	(286,445)	(206,596)	(1,224,745)	938,300
Other financing sources, net	1,309,799	(50,213)	1,259,586	197,560	1,392,560	(132,974)
Change in balances	952,852	20,289	973,141	(9,036)	167,815	805,326
Balances beginning of year	1,406,400	239,279	1,645,679	1,266,073	1,266,073	379,606
Balances end of year	\$ 2,359,252	259,568	2,618,820	1,257,037	1,433,888	1,184,932

See accompanying independent auditor's report.

City of Belle Plaine

Notes to Other Information - Budgetary Reporting

June 30, 2021

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendments increased budgeted disbursements by \$1,976,787. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the public works and the debt service functions. In addition, disbursement amounts exceeded the amounts budgeted, in total, during the year ended June 30, 2021.

City of Belle Plaine

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Seven Years\*  
(In Thousands)

Other Information

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.005970%	0.005341%	0.005671%	0.005377%	0.005906%	0.005268%	0.005577%
City's proportionate share of the net pension liability	\$ 419	309	359	358	372	260	221
City's covered payroll	\$ 697	660	650	614	643	569	634
City's proportionate share of the net pension liability as a percentage of its covered payroll	60.11%	46.82%	55.23%	58.31%	57.85%	45.69%	34.88%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

City of Belle Plaine

Schedule of City Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Other Information

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 72	67	64	60	57	60	53	59	57	52
Contributions in relation to the statutorily required contribution	(72)	(67)	(64)	(60)	(57)	(60)	(53)	(59)	(57)	(52)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 756	697	660	650	614	643	569	634	618	606
Contributions as a percentage of covered payroll	9.52%	9.61%	9.70%	9.23%	9.28%	9.33%	9.31%	9.31%	9.06%	8.58%

See accompanying independent auditor's report.

City of Belle Plaine

Notes to Other Information – Pension Liability

Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

## Supplementary Information

## City of Belle Plaine

Schedule I

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2021

	Special Revenue											
	Urban Renewal Tax Increment	Local Option Sales Tax	Employee Benefits	Police Forfeiture	Medical Building	Community Center	Economic Development	Equipment	Partners for Beautification	Prairie Park	Bleachers at Belle Plaine	Total
Receipts:												
Property tax	\$ -	-	199,920	-	-	8,997	-	-	-	-	-	208,917
Tax increment financing	145,710	-	-	-	-	-	-	-	-	-	-	145,710
Other city tax	-	110,295	-	-	-	-	62,707	32,007	-	-	-	205,009
Use of money and property	-	-	-	-	8,640	2,284	-	-	-	-	-	10,924
Intergovernmental	-	-	6,625	-	-	7,898	-	18,332	-	-	-	32,855
Miscellaneous	-	-	-	500	-	10,000	-	3,601	-	-	-	14,101
Total receipts	145,710	110,295	206,545	500	8,640	29,179	62,707	53,940	-	-	-	617,516
Disbursements:												
Operating:												
Public safety	-	6,198	66,276	2,759	-	-	-	20,367	-	-	-	95,600
Public works	-	-	31,650	-	-	-	-	-	-	-	-	31,650
Health and social services	-	-	-	-	399	-	-	-	-	-	-	399
Culture and recreation	-	10,000	44,553	-	-	26,929	-	-	-	-	-	81,482
Community and economic development	-	20,125	-	-	-	-	30,270	-	-	-	-	50,395
General government	-	-	17,993	-	3,907	-	718	-	-	-	-	22,618
Total disbursements	-	36,323	160,472	2,759	4,306	26,929	30,988	20,367	-	-	-	282,144
Excess (deficiency) of receipts over (under) disbursements	145,710	73,972	46,073	(2,259)	4,334	2,250	31,719	33,573	-	-	-	335,372
Other financing sources (uses):												
Transfers out	(82,000)	(10,000)	-	-	-	-	-	-	-	-	-	(92,000)
Total other financing sources (uses)	(82,000)	(10,000)	-	-	-	-	-	-	-	-	-	(92,000)
Change in cash balances	63,710	63,972	46,073	(2,259)	4,334	2,250	31,719	33,573	-	-	-	243,372
Cash balances beginning of year	546	135,318	3,556	4,419	28,016	78,007	60,491	29,085	745	778	600	341,561
Cash balances end of year	\$ 64,256	199,290	49,629	2,160	32,350	80,257	92,210	62,658	745	778	600	584,933
Cash Basis Fund Balances												
Restricted for:												
Urban renewal purposes	\$ 64,256	-	-	-	-	-	-	-	-	-	-	64,256
Other purposes	-	199,290	49,629	2,160	32,350	80,257	92,210	62,658	745	778	600	520,677
Total cash basis fund balances	\$ 64,256	199,290	49,629	2,160	32,350	80,257	92,210	62,658	745	778	600	584,933

See accompanying independent auditor's report.

City of Belle Plaine

Schedule 2

Schedule of Indebtedness

Year Ended June 30, 2021

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Bonds and Notes:									
Economic development, Series 2014A	April 15, 2014	2.60%	\$ 250,000	109,000	-	26,000	83,000	2,834	-
Building restoration, Series 2014B	April 15, 2014	3.90%	200,000	91,000	-	22,000	69,000	3,549	-
Refunding, Series 2015A	April 23, 2015	1.10-3.00%	1,715,000	1,230,000	-	1,230,000	-	8,885	-
Refunding, Series 2016A	November 1, 2016	1.70%	1,245,000	1,115,000	-	130,000	985,000	18,955	-
Water improvement note, Series 2018	November 1, 2018	3.75%	227,000	139,000	-	45,000	94,000	5,213	-
Refunding, Series 2020A	September 9, 2020	2.00%	1,195,000	-	1,195,000	130,000	1,065,000	17,394	-
Total				\$ 2,684,000	1,195,000	1,583,000	2,296,000	56,830	-
Revenue Bonds:									
Sewer	December 22, 2017	1.75%	\$ 3,236,000	2,556,310	-	141,000	2,415,310	44,735	-

See accompanying independent auditor's report.



## Bond and Note Maturities

June 30, 2021

General Obligation Bonds and Notes										
Year Ending June 30,	Economic Development, Series 2014A		Building Restoration, Series 2014B		Refunding, Series 2016A		Water Improvement Note, Series 2018		Refunding Series 2020A	
	Issued April 15, 2014		Issued April 15, 2014		Issued November 1, 2016		Issued November 1, 2018		Issued September 9, 2020	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2022	2.60%	\$ 27,000	3.90%	\$ 22,000	1.70%	\$ 135,000	3.75%	\$ 46,000	2.00%	\$ 130,000
2023	2.60%	28,000	3.90%	23,000	1.70%	135,000	3.75%	48,000	2.00%	130,000
2024	2.60%	28,000	3.90%	24,000	1.70%	140,000	-	-	2.00%	125,000
2025	-	-	-	-	1.70%	140,000	-	-	2.00%	130,000
2026	-	-	-	-	1.70%	145,000	-	-	2.00%	135,000
2027	-	-	-	-	1.70%	145,000	-	-	2.00%	140,000
2028	-	-	-	-	1.70%	145,000	-	-	2.00%	135,000
2029	-	-	-	-	-	-	-	-	2.00%	140,000
		<u>\$ 83,000</u>		<u>\$ 69,000</u>		<u>\$ 985,000</u>		<u>\$ 94,000</u>		<u>\$ 1,065,000</u>
										<u>2,296,000</u>

Revenue Bonds			
Sewer			
Issued December 22, 2017			
Year Ending June 30,	Interest Rates	Amount	Total
2022	1.75%	\$ 144,000	144,000
2023	1.75%	147,000	147,000
2024	1.75%	150,000	150,000
2025	1.75%	153,000	153,000
2026	1.75%	158,000	158,000
2027	1.75%	159,000	159,000
2028	1.75%	162,000	162,000
2029	1.75%	166,000	166,000
2030	1.75%	169,000	169,000
2031	1.75%	172,000	172,000
2032	1.75%	176,000	176,000
2033	1.75%	179,000	179,000
2034	1.75%	183,000	183,000
2035	1.75%	187,000	187,000
2036	1.75%	110,310	110,310
		<u>\$ 2,415,310</u>	<u>2,415,310</u>

See accompanying independent auditor's report.

City of Belle Plaine

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Receipts:										
Property tax	\$1,068,450	1,038,195	824,570	753,210	982,323	1,019,238	926,505	946,465	908,889	972,432
Tax increment financing	145,710	161,128	144,256	156,228	169,235	125,134	119,652	126,176	128,782	120,257
Other city tax	256,261	222,639	190,949	177,273	200,125	205,126	212,842	195,530	214,697	172,085
Licenses and permits	15,683	19,020	18,449	12,277	12,682	14,513	16,547	10,182	12,761	16,061
Use of money and property	42,115	31,616	40,266	56,094	53,445	50,616	33,667	25,543	25,750	44,348
Intergovernmental	526,323	405,103	407,005	372,081	355,304	412,897	407,528	609,131	486,109	1,253,905
Charges for service	33,954	19,871	42,217	45,872	49,003	2,868	37,116	79,675	72,834	123,699
Special assessments	5,635	13,725	7,471	12,425	-	1,488	13,153	14,804	29,282	21,380
Miscellaneous	1,564,968	93,188	99,850	76,995	437,056	248,518	170,065	166,279	186,020	343,404
Total	<u>\$3,659,099</u>	<u>2,004,485</u>	<u>1,775,033</u>	<u>1,662,455</u>	<u>2,259,173</u>	<u>2,080,398</u>	<u>1,937,075</u>	<u>2,173,785</u>	<u>2,065,124</u>	<u>3,067,571</u>
Disbursements:										
Operating:										
Public safety	\$ 431,965	519,928	463,511	471,310	434,238	402,871	338,966	351,456	337,811	331,335
Public works	407,412	304,899	520,838	433,069	326,568	312,060	323,838	354,695	380,717	417,712
Health and social services	4,719	11,988	4,320	7,080	5,250	7,266	6,362	7,969	8,276	8,640
Culture and recreation	306,395	294,614	373,075	368,999	398,537	432,787	367,233	369,894	348,600	375,258
Community and economic development	50,519	60,220	51,495	65,819	26,874	67,720	31,349	66,419	71,664	118,421
General government	1,142,480	280,141	271,869	290,283	291,394	282,342	289,391	243,310	242,149	248,631
Debt service	1,658,338	416,932	1,716,618	1,866,924	548,523	525,666	496,926	433,489	462,264	482,522
Capital projects	14,218	72,737	14,008	197,662	246,747	75,705	369,814	694,087	345,547	2,034,703
Total	<u>\$4,016,046</u>	<u>1,961,459</u>	<u>3,415,734</u>	<u>3,701,146</u>	<u>2,278,131</u>	<u>2,106,417</u>	<u>2,223,879</u>	<u>2,521,319</u>	<u>2,197,028</u>	<u>4,017,222</u>

See accompanying independent auditor's report.



**FALLER, KINCHELOE & CO, PLC**

**Certified Public Accountants**

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Honorable Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa (City) as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2021. Our report expressed unmodified opinions on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report expressed an adverse opinion on the aggregate discretely presented component units due to the omission of the Belle Plaine Fire Department Foundation, Inc. and the Belle Plaine Community Library Foundation, Inc.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-21, I-B-21 and I-C-21 to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



FALLER, KINCHELOE & CO., PLC

December 30, 2021

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**I-A-21 Segregation of Duties**

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – Generally, one or two individuals may have control over the following areas for which no compensating controls exist:

- (1) Accounting system – performing all general accounting functions, including journal entries, and having custody of assets.
- (2) Investing – recordkeeping, investing, custody of investments and reconciling earnings.
- (3) Receipts – collecting, depositing, posting and reconciling.
- (4) Utilities – billing, collecting, depositing, posting, entering rates into the system and maintaining detailed accounts receivable and write-off records.
- (5) Disbursements – invoice processing, check writing, mailing, reconciling and recording.
- (6) Payroll – entering rates into the system, recordkeeping, preparing, and distributing.
- (7) Journal Entries – preparing and journalizing.
- (8) Financial reporting – preparing and reconciling.

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff.

Response – The City will review its control procedures to obtain the maximum internal control possible with the limited staff it has.

Conclusion – Response acknowledged.

City of Belle Plaine

Schedule of Findings

Year ended June 30, 2021

I-B-21 Preparation of Financial Statements

Criteria - A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements by internal personnel of the entity.

Condition - As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause - We recognize that with a limited number of office employees, preparation of the financial statements and accompanying notes to the financial statements is difficult.

Effect - The effect of this condition is that the year-end financial reporting is prepared by a party outside of the City. The outside party does not have the constant contact with ongoing financial transactions.

Recommendation - We recommend that City officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statements and accompanying notes to the financial statements internally.

Response - These are very technical issues that the average citizen would not understand. This issue relates to auditor independence issues, and we accept the risk associated with not being able to prepare these documents and apply accounting principles in accordance with an other comprehensive basis of accounting.

Conclusion - Response acknowledged.

I-C-21 Financial Reporting

Criteria - A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Condition - Material amounts of receipts and disbursements were not properly recorded in the City's financial statements. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Cause - City policies do not require and procedures have not been established to require independent review of receipt and disbursement transactions posted to the accounting records to ensure the financial statements are accurate and reliable

Effect - Lack of policies and procedures resulted in City employees not detecting the errors in the normal course of performing their assigned functions and material adjustments to the City's financial statements were necessary.

Recommendation - The City should implement procedures to ensure receipts and disbursements are properly recorded in the City's financial statements.

City of Belle Plaine  
Schedule of Findings  
Year ended June 30, 2021

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



City of Belle Plaine

Schedule of Findings

Year ended June 30, 2021

**Part II: Other Findings Related to Required Statutory Reporting:**

- II-A-21 Certified Budget – During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the public works and debt service functions. In addition, disbursements exceeded the amounts budgeted, in total, during the year ended June 30, 2021. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- II-B-21 Questionable Disbursements – No disbursement we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

- II-C-21 Travel Expense – No disbursements of City of Belle Plaine (City) money for travel expenses of spouses of City officials or employees were noted.

- II-D-21 Business Transactions – No business transactions between the City and City officials or employees were noted.

- II-E-21 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

- II-F-21 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

- II-G-21 City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

- II-H-21 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

- II-I-21 Sewer Revenue Bonds – An instance of non-compliance with the sewer revenue bond resolutions was noted. Specifically, the sewer revenue bond resolutions require all users of the system, including the City, be charged for usage. Through August 2020, the City was not charged for sewer usage.

Recommendation - The City should ensure all City departments pay for sewer usage.

Response – Effective with the September 1, 2020 billing, this recommendation has been implemented.

Conclusion – Response acknowledged.



City of Belle Plaine

Schedule of Findings

Year ended June 30, 2021

- II-J-21 Financial Condition – The Enterprise, Water Fund and the Enterprise, Garbage Fund had deficit balances of \$107,714 and \$16,149, respectively, at June 30, 2021.

In addition, the Special Revenue, Local Option Sales Tax Fund, the Special Revenue, Library Improvements Fund, the Special Revenue, Medical Building Fund, the Special Revenue, Community Center Fund, the Special Revenue, Economic Development Fund, the Special Revenue, Equipment Fund, the Capital Projects Fund, the Enterprise, Storm Water Fund, the Enterprise, Yard Waste Fund and the Enterprise, Airport Fund all had cash balances at June 30, 2021 in excess of one years disbursements in the respective funds. As a result, the balances in these funds may be excessive.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position. In addition, the City should review those funds with excess balances and consider reducing the balances in these funds.

Response – The City will investigate alternatives to eliminate the deficits in the funds noted above in order to return those funds to a sound financial position. In addition, we will consider methods to reduce the excessive fund balances in the other funds. However, for some of the funds noted above, we are accumulating resources to pay for expensive capital projects or equipment. Once these funds are sufficient, we will use the cash to pay for these costs. We feel this is more prudent than borrowing money to fund these expensive capital projects or equipment.

Conclusion – Response acknowledged.

- II-K-21 Debt Service Fund – The City paid some general obligation debt principal and interest payments from the Enterprise, Water Fund. Chapter 384.4 of the Code of Iowa requires that general obligation debt principal and interest be paid from the Debt Service Fund,

Recommendation – The City should implement procedures to ensure all general obligation debt principal and interest payments are made from the Debt Service Fund as required by the Code of Iowa.

Response – We have implemented this recommendation during fiscal year 2021.

Conclusion – Response acknowledged.

- II-L-21 Annual Financial Report – Chapter 384.22 of the Code of Iowa requires the City's Annual Financial Report include a "summary for the preceding fiscal year of all collections and receipts, all accounts due the City, and all expenditures..." The 2021 Annual Financial Report did not accurately report the City's outstanding debt. The ending debt balances amounts on the Annual Financial Report were overstated by approximately \$270,000 compared to the City's accounting records.

Recommendation – The City should ensure the Annual Financial Report transfer amounts agree to the City's records.

Response – We will implement this recommendation in the future.

Conclusion – Response acknowledged.

- II-M-21 TIF Transfers – During the year, the City made total transfers of \$82,000 from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund. However, the City was unable to determine the propriety of \$4,254 of the total \$82,000 transferred. As a result, we were unable to determine the propriety of the \$4,254 transfer.

Recommendation – The City should consult legal counsel regarding the disposition of this matter.

City of Belle Plaine

Schedule of Findings

Year ended June 30, 2021

Response – We will implement this recommendation.

Conclusion – Response acknowledged.

- II-N-21 Annual Urban Renewal Report (AURR) – The AURR was properly approved and certified to the Iowa Department of Management on or before December 1. However, we noted that the amounts reported on the AURR Levy Authority Summary Form for the beginning and ending outstanding debt could not be supported by City records.

Recommendation - The City should ensure the amounts reported on the AURR Levy Authority Summary Form are supported by the City's records.

Response – These items will be corrected on next year's report.

Conclusion – Response acknowledged.